

## Being Responsible... Legal Compliance and Social Responsibilities

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Our Company is committed to conducting its business in full compliance with all applicable laws. This requires that we avoid not only any action that is clearly illegal, but also any action that may be technically legal, but is inconsistent with our core principle of "Integrity Always."

Our Company also embraces its social responsibilities and seeks to support and enrich every community in which we work and live.

### Being Responsible... Legal Compliance

It is not possible to cover all the laws that govern our business. However, each of us must recognize that certain laws apply to our jobs, and we must become familiar with them. When we are not sure if a particular action would violate applicable laws or our policies, we should ASK our Law Department. The sections below discuss a few principal laws that apply to our business.

#### Antitrust

##### What To Know

Antitrust laws are intended to promote vigorous competition. They prohibit agreements that seek to limit or restrain trade.

Our Company is firmly committed to competing fairly and ethically. It believes that a free market economy is in the best interest of both our customers and our Company.

##### What To Do

We may not enter into or try to enter into agreements, understandings or communications with **competitors**, whether written or unwritten and whether directly or through third party intermediaries, on matters such as prices, markups, markdowns, and any other terms or conditions on which we do business. Any such attempt on our part would not only violate the law, but is a bad business practice.

We must scrupulously avoid every situation, meeting, communication or conversation, which could be construed as involving an attempt to reach such an agreement.

Agreements with **business partners**, such as vendors, regarding the retail prices at which our Company will sell that vendor's merchandise are prohibited. We must avoid agreements that specify the retail prices of marked down or clearance merchandise or the dates on which those prices will go into effect.

It is permissible to discuss markdown support, but we may not agree to sell an item at a certain price in exchange for a markdown allowance.

While it is not practical to discuss here all the "Dos and Don'ts" under Antitrust and Fair Competition laws, the following are helpful guides.

- Do compete vigorously, but ETHICALLY,
- Do not make agreements with respect to pricing with any business partner (vendor),
- Do not discuss **any competitor's** pricing, clearance or markdown practices with a business partner,
- Do not engage in activity with a vendor or competitor that seeks to limit the vendor's product distribution practices or control market prices,

- Do not induce a business partner to breach an existing agreement it has with a third party, although asking for an exclusive on a newly introduced item is permissible,
- Do inform all current and potential business partners of our Company's commitment to maintaining the highest ethical standards as it competes vigorously to provide the best products at the best prices for its customers.

All merchants and planners must use this link to access, read and understand our Company's Antitrust Guidelines.

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Q: I am friends with some buyers of one of our Company's competitors. When I see them at trade shows, conferences or other events we often end up having lunch or dinner. We talk about industry trends, other retailers and other general topics. Is this a problem?

A: You should use caution in these situations. Do not discuss our Company's pricing, relationships with business partners, markup/markdown practices or other business practices or those of the competitor. If any anticompetitive topics come up in the conversation, you should refuse to participate and leave the conversation immediately.

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## Intellectual Property

### What To Know

Trademarks, trade names, copyrights, trade secrets, rights of publicity and other similar proprietary information are considered intellectual property. Our Company owns many valuable intellectual property rights, such as our trademarks INC and Alfani.

Our Company may lose its rights in the intellectual property that it already owns, or may not acquire rights in property that it wishes to own if we fail to comply with certain laws.

Our Company also has the right to use the intellectual property of certain business partners under agreements. American Rag is one such example.

If we violate the terms of these agreements, our Company may not only lose the right to use the licensed intellectual property, but may also be subject to substantial damage claims.

We must use our Company's or a business partner's intellectual property only as authorized.

### What To Do

We may use the intellectual property of the Company only for the benefit of the Company in accordance with the prescribed procedures.

Similarly, if and when the Company is permitted to use the intellectual property of its business partners, we all should follow the reasonable usage guidelines provided by the business partner.

We must not use the intellectual property rights of others without their permission.

We must not provide to or accept from third parties any proprietary information or the right to use intellectual property without a written agreement that is prepared by our Law Department.

If any of us develops a discovery, invention, concept or idea in the course of our employment with the Company, the Company owns it. We should assist the Company's lawyers in documenting the Company's ownership.

## Advertising

### What To Know

Our Company's goal is "truth in advertising."

Our Company is committed to earning and keeping the trust of its customers by advertising in a clear and accurate manner.

Our Company's policy is to comply with all applicable laws, including those that govern pricing, product information, product availability and phone and mail order rules, among others.

### What To Do

In all our sales and advertising practices, we must be mindful that our Company competes on the merits of its products and services.

Our Company's advertising must be clear, accurate and helpful to our customers.

We must follow all our Company's advertising policies and guidelines.

When we say something about the products or services our Company sells, we must be able to substantiate it. That means we must have proof of what we say, before we say it. This is true even if we are just passing along what our vendor says about its merchandise.

All associates employed as merchants or planners or who work in the Marketing Organization must use this link to access, read and understand the Company's Retail Advertising Guidelines.

## Product Integrity and Purchasing Practices

### What To Know

Our Company acts upon its value "Customers First" by selling quality products and standing behind them.

Our Company's policy is to comply with all applicable laws governing production, testing, packaging and labeling of products.

When our Company procures products from vendors, it requires these vendors also to do the same, regardless of country of origin. Additionally, our Company is committed to fair purchasing practices and requires vendors to adhere to the Company's Vendor Code of Conduct.

Our customers trust us to take all the necessary safeguards to ensure that the products we offer for sale meet high standards for safety and quality, and are manufactured in a socially responsible manner.

### What To Do

We must safeguard our Company's reputation and goodwill with our customers by ensuring that the products and services we sell are safe.

Product safety is the responsibility of each one of us.

Buyers and product developers must make every effort to ensure that the products or services our Company sells perform as we claim they do and are manufactured as we state they are.

Store associates must identify potential safety and quality issues and follow Company procedures to report them promptly.

In addition, store associates must follow Company guidelines in cases of returns or recalls of allegedly unsafe or defective products.

In all aspects of sourcing, production, sale investigations of claims or recalls, we should partner with our Law Department to ensure that we are in compliance with all applicable laws.

All associates in

- stores, including store managers, general and department managers and their staff,
- buying organizations, including buyers and planners, product developers and designers, as well as other associates who have or are likely to design or produce merchandise such as associates on special events teams or Corporate Marketing,
- customer service, including MCCS' Presidential and Retail Groups and Corporate Communications, and
- risk management, including claims adjusters

must use this link to access, read and understand our Company's Product Safety Policy and Procedure.

## Government Investigations and Contacts

### What To Know

Our Company's policy is to cooperate with appropriate governmental requests or investigation, and to comply with all applicable laws governing contacts with government officials. Our Law Department is responsible for managing all such requests, investigations or contacts and providing truthful and accurate information.

### What To Do

If we are asked to provide information – verbal or written – for a government investigation, or if a government representative appears at our workplace, we must promptly notify our Human Resources representative or the Law Department and obtain approval for the release of any information. We must not obstruct, influence, mislead or impede the investigation.

Any contacts with government officials for the purpose of influencing legislation, regulations or decision-making may constitute lobbying. We must not contact or communicate with any government official for such purpose on behalf of the Company without having specific authorization. If a need arises to do so, we must contact the Law Department.

**Political Activities** – The use of Company funds for political activities is regulated heavily at the state and federal levels. Any questions regarding corporate political activities should be directed to the Group Vice President, Legislative Affairs.

## Being Responsible... Social Responsibilities

### Environmental and Social Responsibilities

#### What To Know

Our Company cares about the environment and complies with all environmental protection laws.

Our Company has implemented many sustainability programs that go several steps beyond the requirements of the law and are aimed at preserving and protecting the environment. These steps include measures to conserve energy, prevent the waste of valuable resources like water and electricity and recycle products.

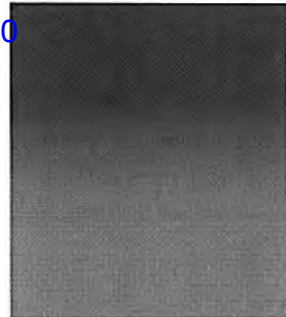
Our Company seeks to live up to its value of "Giving Back" by caring for and enriching every community in which it participates through us. Our Company's long-established tradition of giving back to our communities is orchestrated through various Company-sponsored community service programs, such as "Partners In Time".

#### What To Do

We must demonstrate our Company's commitment to preserving and protecting our environment in all our actions for the Company, including by complying with all applicable laws.

We must learn about our Company's sustainability programs and make a conscious effort to not waste valuable resources and dissuade others from doing so.

Additionally, our actions must uphold and demonstrate our Company's goal of giving back to every community in which we live or do business.



## EEO & Anti-Harassment Policy

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### Equal Employment Opportunity

Macy's Equal Employment Opportunity Policy prohibits any form of discrimination in the workplace. The Company is committed to treating all associates equally on the basis of job-related qualifications, abilities and performance, regardless of race, ethnicity, age, religion, gender, sexual orientation, gender identity, national origin, physical or mental disability, genetic information, military status, marital status, medical condition, or any other category protected by law or unrelated to job performance.

As part of the Macy's EEO & Anti-Harassment Policy, all associates should enjoy a working environment free from all forms of discrimination and harassment. It is against the Company's policy for any associate to harass another associate based on race, ethnicity, age, religion, gender, sexual orientation, gender identity, national origin, physical or mental disability, genetic information, military status, marital status, medical condition, or any other category protected by law. Therefore, the Company will treat harassment as it does any other form of employee misconduct and it will not be tolerated.

### Sexual Harassment

No associate, male or female, should be subjected to unsolicited and unwelcome sexual advances or conduct. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, or other verbal, visual, or physical conduct of a sexual nature where:

- (i) Submission to such conduct is made either explicitly or implicitly a term or condition of an associate's employment;
- (ii) Submission to or rejection of such conduct by an associate is used as a basis for employment decisions affecting such an individual; or
- (iii) Such conduct has the purpose or effect of negatively interfering with an associate's work performance or creating an intimidating, hostile, or offensive working environment.

All associates are prohibited from offering, promising, or granting preferential treatment to any other associate or applicant for employment as a result of that individual's engaging in or agreeing to engage in sexual conduct. Likewise, all associates are prohibited from using any other associate's or applicant's refusal to engage in such conduct as a basis for an employment decision affecting that individual or others.

An intimidating, hostile, or offensive working environment may be created by such circumstances as pressure for sexual activities, unwanted and unnecessary physical contact with another associate, verbal abuse of a sexual nature, the inappropriate use of sexually explicit or offensive language or conversation, or the display in the workplace of sexually suggestive objects or pictures. This would include the placement of offensive materials on walls or bulletin boards or the circulation of offensive materials received electronically through the Company's email or other electronic systems.

This and other sets of circumstances provided in this policy are not exhaustive; they are intended as guidelines illustrating violations of Macy's Anti-Harassment policy.

**Other Forms of Prohibited Harassment**

Similarly, a racially hostile working environment may be created by circumstance such as verbal abuse based on race, including the use of racial epithets, racial slurs, racial remarks, racially derogatory terms, and racial jokes or insults.

Other hostile work environments may be created by the use of epithets, slurs or derogatory terms, insults, jokes, or teasing based upon another's ethnicity, age, religion, gender, sexual orientation, gender identity, national origin, physical or mental disability, genetic information, military status, marital status, medical condition, or any other category protected by law.

Macy's will not tolerate harassment of any type based on race, ethnicity, age, religion, gender, sexual orientation, gender identity, national origin, physical or mental disability, genetic information, military status, marital status, medical condition, or any other category protected by law. Engaging in harassment of others will lead to discipline, up to and including termination of the associate violating Macy's Anti-Harassment policy.

**Complaint Procedure**

Any associate who believes they have been subjected to or observed such behavior by another associate, either in or outside of the workplace, must report the situation immediately to:

- A manager or supervisor;
- A Human Resources representative;
- ComplianceConnections at 1-800-763-7290 or [www.macyscomplianceconnections.com](http://www.macyscomplianceconnections.com); or
- Solutions InSTORE at 1-866-285-6689

If a satisfactory response is not received from the person or office to whom a complaint was made, the associate should bring the complaint to the attention of another person or office listed above.

Macy's takes all complaints of harassment very seriously. All complaints will be promptly investigated and handled as confidentially as a thorough investigation allows.

**Remedial Action**

Following a complete review and thorough investigation of the complaint, appropriate remedial action will be taken and communicated to the parties involved. Any associate found to have engaged in harassment in violation of Macy's Anti-Harassment policy, will be subject to discipline, up to and including discharge.

**No Retaliation**

Retaliation in any form against an associate or applicant who complains of discrimination or harassment, or against anyone who participates in the investigation of such a complaint, is strictly prohibited and will itself be cause for disciplinary action up to and including discharge. Any form of retaliation must be reported immediately pursuant to the Complaint Procedure outlined above.

## Employee Rights and Responsibilities Under the Family and Medical Leave Act

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### Basic Leave Entitlement

FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth;
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son or daughter, or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee's job.

### Military Family Leave Entitlements

Eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

### Benefits and Protections

During FMLA leave, the employer must maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

### Eligibility Requirements

Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

### Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

**Use of Leave**

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

**Substitution of Paid Leave for Unpaid Leave**

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

**Employee Responsibilities**

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

**Employer Responsibilities**

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

**Unlawful Acts by Employers**

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

**Enforcement**

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

FMLA section 109 (29 U.S.C. § 2619) requires FMLA covered employers to post the text of this notice. Regulations 29 C.F.R. § 825.300(a) may require additional disclosures

**For additional information:**

1-866-4US-WAGE (1-866-487-9243)

TTY: 1-877-889-5627

WWW.WAGEHOUR.DOL.GOV

## Vendor-Paid Trip Policy

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Macy's may accept reimbursement (or payment in the first instance) from vendors for all charges relating to a Macy's associate's attendance at a vendor-sponsored business event under the following circumstances:

- The purpose of the event is business and any recreational events sponsored by the vendor in connection with the event are incidental.
- Types of business-related events covered by the policy are seminars or education programs relating to a new vendor product, a new season's product line, a vendor manufacturing process or a vendor trade show.
- The events must be held at the vendor's place of business (or in the same general geographic area in which the vendor is located) and must be held in the continental United States.
- Trip-related charges that are reasonable or payable by the vendor are airfare (coach fare); lodging (at not more than the highest per night lodging rate under the Macy's travel guidelines for the city in which the event is held or, if such city is not covered by such guidelines, by such rate under the guidelines for the city covered by the guidelines that is closest and most comparable in size to the city in which the event is held; reasonable meal and recreation expenses; and local transportation.
- The trip must be approved in advance in writing by the senior executive of the organization whose associates are attending the event.
- Only those Macy's associates for whom the event has demonstrable, direct business relevance may attend the event.
- The portion of the event attended by the Macy's associate may not exceed three business days (any part of a day during which the associate attends a business meeting associated with the event is considered one business day).
- The Human Resources Department in every organization will maintain a written record of all such vendor trips taken during a fiscal year, recording all the particulars thereof (names of attending associates; venue, duration and purpose of trip; and amount of charges by associate by type (airfare, lodging, meals, local transportation, recreation) reimbursed by vendor) and submitting the report to the Office of Compliance & Ethics in the Law Department within sixty (60) days following the end of the fiscal year.
- Any exception to the foregoing policy must be approved in advance in writing by the General Counsel.

## Policy Regarding Confidentiality and Acceptable Use of Company Systems

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### Purpose

While working at or with Macy's, Inc., or one of its subsidiaries (the "Company"), you may have access to certain non-public information ("Confidential Information" or "Internal Use Only" Information, as those terms are defined in the Macy's Information Security Policy, collectively referred to as "Confidential Information" in this Policy, unless more specifically defined for the purposes of particular requirements). In addition, you may have access to Company systems and/or technology (including but not limited to computers, the computer network, voice mail, email, landline telephones, cellular telephones, fax machines, pagers, handheld email devices, and personal digital assistants (PDAs)) and systems connected to the Internet and/or intranet (collectively, the "Systems"), that are used to carry out the Company's business.

This policy governs your use of, and access to, all Confidential Information and the Systems either as an employee of the Company or as an independent contractor or licensee who provides services to the Company and/or uses the Systems. By using or accessing Confidential Information or the Systems, you are agreeing to abide by this policy, as well as all other applicable Company policies.

This policy may not address every issue or question that may arise. You must exercise good judgment, and if you have any questions or concerns (e.g., regarding whether information is confidential or materials are inappropriate or offensive), you should resolve them with your Company supervisor.

### Your Responsibility

It is your responsibility to read and to follow this policy, as well as the Macy's Information Security Policy. If you violate any of these policies, you may be subject to disciplinary action, up to and including termination. In addition, access to the Systems may be suspended or terminated without prior notice.

#### A. CONFIDENTIALITY STANDARDS AND PROCEDURES

The following standards and procedures apply to your use of, or access to, all Confidential Information.

##### 1. All Non-Public Information is Sensitive

Any information that is not generally available to the public that relates to the Company or the Company's customers, employees, vendors, contractors, service providers, Systems, etc., that you receive or to which you are given access during your employment or while you are performing services for the Company is classified as "Confidential" or "Internal Use Only" under the Macy's Information Security Policy. As is set forth in the Macy's Information Security Policy, internal access to Confidential Information should only be granted on a "need to know" basis, and such information should not be shared with third parties without prior approval from your Company supervisor and consultation with the Law Department.

##### 2. Obligations to Maintain Confidentiality

The Company is often obligated under its contracts to maintain information received from or relating to third parties as confidential. Such information also constitutes Confidential Information for the purposes of this policy. In these circumstances, such information may not be disclosed or discussed outside the Company except with prior approval from your Company supervisor and consultation with the Law Department. Disclosing Confidential Information may cause serious and irreparable injury to the Company, and these policies apply to you both during and after your employment or termination of your relationship with the Company.

If you have any questions regarding whether information is Confidential Information, you should treat it as Confidential Information and seek guidance from your Company supervisor.

### 3. Use and Protection of Personal Data

Company maintains certain information regarding its present and former associates, customers and vendors. Company respects the privacy implications of this data where it includes personally-identifiable information ("Personal Data"). Personal Data includes names, home and office contact information, social security numbers, driver's license numbers, account numbers and other similar data. Company is committed to handling Personal Data responsibly and using it only as appropriate for legitimate business purposes. This commitment requires that all Company employees, contractors, and third parties who are granted access to Personal Data by Company follow all policies adopted by the Company for the protection of such data against unauthorized use, disclosure or access. Such policies, including those set forth in the Macy's Information Security Policy, may vary depending on the sensitivity of the Personal Data at issue.

Personal Data may not be shared with any third party without the written approval of your senior Sales Promotion executive or, for support organizations, your Chief Executive Officer.

### 4. Special Handling for Highly Sensitive Personal Data

You must not send or require others to send certain ("Highly Sensitive Personal Data") (including, but not necessarily limited to, social security numbers or other tax identification numbers, credit card numbers, bank account numbers or other account information, passport numbers, or medical information) over the Internet unless the connection is secure and the data is encrypted prior to transmission using the Company approved encryption method. Any transmission, storage, disposal, or other handling of Highly Sensitive Personal Data should be carried out in compliance with the Macy's Information Security Policy, which prohibits the storage of Personal Data on any portable removable storage device (including, but not limited to, USB drives, CDs, etc.). More information regarding storage can be found in Section A.7 - Confidential Data on Public Drives.

### 5. Sharing Email Addresses

Your email address itself is not considered confidential information but should only be shared with appropriate contacts outside the Company. Customer email addresses are considered Confidential Information, and should be not be shared with third parties without prior approval from your Company supervisor and consultation with the Law Department.

### 6. Email Confidentiality

When transmitting Confidential Information via email, be certain that it is only addressed to the intended recipients. Keep in mind that email may be readily printed or forwarded by the recipient, and be careful to only include content that is appropriate, business-related, and that is not likely to be misunderstood or taken out of context by the recipient or any others to whom it may be forwarded. Information subject to attorney-client privilege (i.e., communications with a lawyer about a legal matter) should be communicated by email only with appropriate disclaimers.

- A message subject to attorney-client privilege should include the following heading: "ATTORNEY-CLIENT COMMUNICATION: PRIVILEGED & CONFIDENTIAL".

If information is particularly sensitive (including Highly Sensitive Personal Data), it must not be communicated by unencrypted email. Instead, if email is the chosen method of communication, then such information should be encrypted prior to transmission using the Company approved encryption method. If you are uncertain of the appropriate method of communicating certain information, consult with your Company Supervisor or the Law Department.

Unless you have been instructed to keep messages for a legal matter, all voicemail or email messages no longer needed should be promptly deleted. For more information on email retention, email purges, and email standards, see Section C.3.

**7. Confidential Data on Public Drives**

Exercise caution when placing Confidential Information, sensitive data, or privileged documents on public drives since these drives may be available to anyone with access to that network. If you must store Confidential Information on a public drive, take steps to protect the document from being viewed or altered by unauthorized parties. This may involve password protecting the document, designating it as "read only," or placing a "write reservation" password on the document. Highly Sensitive Personal Data or privileged documents must not be stored on public drives.

**8. Laptops, Cell Phones, Handheld Email Devices, and other Portable Devices ("Mobile Devices")**

Caution must be exercised when communicating sensitive confidential information or information subject to attorney-client privilege over portable drives, including, but not limited to, laptops, cellular phones or handheld email devices. Storage of Confidential Information on Mobile Devices should be limited to those instances where such storage is justified by applicable business requirements, and where appropriate security controls, as established in the Macy's Information Security Policy, have been implemented. Mobile Devices may be lost or stolen, and the storage of sensitive information on such devices creates a security risk that must be mitigated. Highly Sensitive Personal Data should never be communicated using or stored on Mobile Devices.

**9. Disclosure of Systems Security Methods**

All information and documentation relating to Company security, including but not limited to Company security policies, procedures, audits and risk assessments, constitute Confidential Information. No such information may be disclosed or distributed to any employee without a "need to know" in the normal course of his or her assigned work duties. "Need to know" means that the person needs the information to carry out his or her job duties and, even then, only covers the specific pieces of information needed to do the job. Furthermore, no such information may be disclosed or made available to any third party, except with the approval of an appropriate senior Company executive (Vice President level or above).

**B. COMPANY SYSTEMS**

The Systems include all systems, applications, media and services that are

- Provided by the Company or accessed on or from Company premises, OR
- Accessed using any Company equipment or service, or via any Company-paid or Company-provided access methods (e.g., remote dial-up or VPN access), OR
- Used in a manner that identifies the individual with the Company (e.g., through a domain name or email address on the Internet that is tied to the Company)

Such Systems specifically include but are not limited to: hardware, software, computer networks, email, voice mail, phones, fax machines, intranet systems, and the Internet when accessed using Company equipment or any Company-provided access method.

**C. ACCEPTABLE USE OF COMPANY SYSTEMS**

This policy applies to your use of, or access to, any Systems. By accessing or using any Systems, you are agreeing to abide by this policy, as well as any additional policies or procedures that may be required by the Company.

**1. Use of the Systems for Business Purposes**

- a. The Systems are provided to serve business purposes only. They should be used to further the Company objectives that fall within the scope of your duties as an employee, independent contractor or licensee.
- b. Limited occasional use for personal purposes is allowed only if the System is used (i) responsibly, (ii) during your own personal time, (iii) without any expense, burden, or risk to the Company or the Systems, (iv) not in connection with an alternative business enterprise, for financial gain (other than in connection with employee benefits), or for any purpose that is illegal, inappropriate, or contrary to Company policies or procedures, and (v) with the approval of your Company supervisor.

## 2. No Expectation of Privacy When Using the Systems

You have no expectation of privacy when using the Systems, including voicemail, email, Internet, Intranet, and word processing. Subject to applicable laws, your use of the Systems may be monitored, and all information on the Systems may be monitored, accessed, duplicated, deleted or disclosed at any time without notice to you and without your permission. The Company further has the right to limit, block, monitor, remove, and/or record access by any employee, contractor, or licensee when using the Systems and when accessing any information on the Internet or Intranet.

## 3. Corporate Email Retention Policy, Automatic Deletion of E mail, and Your Obligations During Lawsuits

You must comply with the Corporate Email Retention Policy. Under that policy, emails are automatically deleted from the Systems after 60 days. If you have a critical business need to keep email for more than 60 days, you must move it to your Business Critical folder or print a copy. Items will be retained in the Business Critical Folder for 1 year from the date they are moved there. Use the Business Critical folder only for emails that are needed for critical business reasons (e.g., meeting notes for ongoing projects, budgets, etc.); do not use it as a storage device for non-critical emails. In the event that you are identified as someone who has information related to ongoing litigation, you will be instructed not to delete any emails related to that case, and the law department will place your email account on a separate litigation server to ensure that your emails are backed up and saved until they are no longer needed for that case. Following all instructions provided in such cases and preserving all records, including emails, is critical.

## 4. Systems Access Restrictions

a. Non-employee access to the Systems is restricted and may be given only for Company business purposes (e.g., for the development of software or an Intranet page) and only with appropriate approvals and the issuance of a separate user identification and password in compliance with the Macy's Information Security Policy.

Any non-employee who is permitted access to the Systems must agree to abide by this policy and the Macy's Information Security Policy through signature or Company contract.

b. Except for authorized Company representatives, no person may access any other person's voice mail, email, files, or other Systems, and no person may use or access any Systems using another person's user id and/or password. However, in appropriate circumstances where there is a sound business need (for example, to access information needed for an internal investigation or to copy files after an employee is terminated), an Organizational Security Administrator may grant authorization to an appropriate executive to access another employee's voice mail, email, files, or other Systems. NOTHING IN THIS SECTION CREATES ANY EXPECTATION OF PRIVACY OR RESTRICTS COMPANY'S RIGHT TO MONITOR ANY USE OF COMPANY'S SYSTEMS AS DESCRIBED ELSEWHERE IN THIS POLICY.

c. When you are away from your computer, you must either log off or use the Control-Alt-Delete function to lock your computer and prevent any other person from accessing the Systems using your log on.

d. Accessing information, data, and/or files without a legitimate business reason and proper authorization is prohibited. You must not attempt to obtain unauthorized access to any Company System or any protected or restricted file or area on any Company System without approval from the Chairman, President, or CFO of Macy's Systems and Technology, or the General Counsel of the Company. Furthermore, the Systems may not be used to gain unauthorized, illegal, or improper access to any other computer, system, or Web site outside the Company. All access to Company information must comply with the Macy's Information Security Policy.

e. Vendors and independent contractors authorized to access the Systems may only access information on such Systems that has been specifically approved by Company management.

## 5. Password Management

- a. Passwords are used to secure the Systems. Passwords are not intended to assure employees that messages or information on these systems will be kept confidential or private. The Company reserves the right to reset your password without notice and to revoke your access to some or all of the Systems at any time.
- b. You must protect the confidentiality of your password and change it on a regular basis. You must change it immediately if you think the confidentiality of your password has been breached. You must not share your password with anyone else. In an emergency or when otherwise appropriate, your supervisor may have your password reset.

## 6. Restrictions Regarding Email and Internet Use

- a. The Systems may not be used to access, create, post, upload, download, or send any information, files, programs, messages, email, or other material that may potentially be inappropriate, offensive, abusive, defamatory, disruptive, illegal, threatening, obscene, or harassing. In addition, Systems may not be used to create or transmit any information or files that may potentially contain sexual implications, racial slurs, or any comments that may offensively address age, gender, race, sexual orientation, religious or political beliefs, national origin, or disability. If you inadvertently access an inappropriate site or information, promptly notify your supervisor and HR representative in writing so that both you and they have documentation reflecting that your action was not intentional in the event that you later are asked about the site or information you accessed.
- b. If you receive any emails from people inside or outside the Company (including, for example, unsolicited emails containing sexually explicit or derogatory materials) that you feel are harassing, offensive, threatening, or inappropriate, notify your supervisor and/or HR so that appropriate steps may be taken to stop such emails in the future.
- c. No employee may send or authorize a third party to send marketing emails without prior authorization from Company's senior management. All marketing emails are approved by properly authorized executives using approved email service providers and following legal requirements for commercial email.
- d. The Systems may not be used in a manner that overloads the Systems (e.g., by sending email to a large group of users unless appropriately authorized and required in the performance of your work duties).
- e. The Systems may not be used for solicitations for commercial ventures, religious or political issues, or outside organizations, except with prior authorization from your CFO or appropriate senior public relations or HR executive.
- f. The Systems may not be used to distribute or publish chain letters or copyrighted or otherwise protected materials. If you receive any chain letters, delete them and do not forward them to anyone else. They overload the Systems and may make others uncomfortable.
- g. The Systems may not be used to participate in Internet discussion groups or chat rooms unless such participation is authorized and is related to your job.
- h. Only the Macy's Corporate Communications Department and designated public affairs executives may make, or authorize others to make, public statements on behalf of the Company.
- i. Do not send emails or other electronic communications that attempt to hide the identity of the sender or represent the sender as someone else.
- j. Only employees who have a business purpose for using the Internet will be granted access, and that access may be limited. You may apply for Internet access using the designated electronic form.
- k. Unless authorized by the holder of the copyright, no copyrighted information (e.g., news articles or pictures) may be transmitted or posted on or downloaded from the Internet. Similarly, all non-public information on the Company Intranet is considered Confidential Information and is subject to copyright protection; therefore, it may not be shared outside of the Company without appropriate authorization.

I. Any message or information you send by Company email or on the Internet/Intranet may identify you with the Company; therefore, all such communications must comply with this and other Company policies.

#### **7. Restrictions on Hardware and Software Installation**

Only authorized Macy's Systems and Technology (MST) personnel may purchase or authorize the purchase of hardware or software for any the Systems. Only authorized technical support personnel may install hardware, software, or shareware, or copy or delete any software from any Systems. In addition, MST must approve any direct software downloads.

All software and other equipment must be used in accordance with applicable licensing agreements and Company policies. Individual drives may be audited at any time to determine whether unauthorized software has been installed, and, if so, it will be deleted. If you are aware of any misuse of any Systems or software, you must report such misuse to your Company supervisor or MST.

#### **8. Other Restrictions on Copyrighted Material**

You may not download, copy from a CD or DVD, or otherwise transfer onto the Systems (including the hard drive of your Company-provided computer) any music, video or picture files or data that is protected by copyright. This includes but is not limited to MP3 files of songs, JPEGs of photographs (other than personal photographs), images from an outside websites, and video clips (other than video clips or streaming video provided by the Company or personal to you). Whenever you need such files or data to perform your job, you must ensure that you have all necessary licenses to any creative work you are transferring to the Systems and using. For assistance, consult with the Law Department.

#### **9. Intellectual Property Rights**

Any business procedure, software, program, system, application, Web page, methodology, design, drawing, or other creative work developed by you while you are working as an employee, independent contractor, or licensee at the Company is the property of the Company unless completed on your own non-work time and demonstrably unrelated, as determined by the Company in its reasonable judgment, to the subject and methodology of the areas of your employment, contract or license. The Company shall have the intellectual and other proprietary rights (including patent and copyright rights) in all such works, and you agree to protect the Company's intellectual and other proprietary rights in any such works. You agree that each such work shall be a "work made for hire" under the United States Copyright Act of 1976, as amended. If any such work does not qualify as a "work made for hire," you hereby assign to the Company, absolutely and forever, all rights, title, and interest in and to all copyrights, patents, trade secrets, and other proprietary rights in and to such works throughout the world and agree to record such assignment and enforce such rights.

#### **10. Suspected Computer Viruses**

If you learn of any computer virus or other IT security problem, you should contact the MST Help Desk to address it. If you receive a suspicious email and are concerned that it may contain a virus, do not open it; delete it.

#### **11. Caring for Company Equipment**

- a. You must maintain the Systems and equipment in good working order. You must contact the MST Help Desk to address any problems or for necessary maintenance.
- b. If possible, label handheld equipment with your contact information (if it's not otherwise obvious) so that it may be returned to you if you misplace it.
- c. When you leave the Company, you must return all Company-provided equipment, as well as Systems access mechanisms or software

**12. Reporting Loss of Equipment or Security Breaches**

- a. You must protect the physical security of the Systems and equipment and must immediately notify your Organizational Security Administrator and organization technical support if you lose or misplace any Company equipment (e.g., a laptop, handheld email device, storage device or cell phone). If any personal information was stored on or accessible through those devices, our Security Incident Reporting Procedure must be followed.
- b. If you suspect or learn of any breach or vulnerability in our Systems security (e.g., someone has or potentially has inappropriately accessed any Company System or data) or if you suspect or learn of any loss of customer, employee or vendor information (whether that information is on paper or on a System), immediately report it to your Organizational Security Administrator using the Macy's Security Incident Reporting Procedure. Immediate action is necessary to investigate the incident, address any issues and restore the integrity of our Systems.

**13. Blogging and Social Media**

You may not blog or access social media sites while on Company time, unless doing so is part of your job responsibilities. And while what you do on your own time generally is your affair, your conduct, even while off-duty, can reflect on and affect the Company. Keep in mind that the rules regarding safeguarding Confidential Information and professional conduct apply. Do not use or disclose any Confidential Information. Also, never make discriminatory, retaliatory, harassing, abusive or obscene comments or engage in copyright infringement, libel or slander, stalking, or threatening behavior or violate others privacy rights with respect to the Company, its assets, information, associates, business partners or vendors. You may be invited to become a friend or associate of someone on social media sites. Feel free to remain silent or say no. You may be asked to provide a testimonial for a friend or associate. If you choose to do so, make sure you are clear that you are expressing your own views and opinions, and that you do not speak on behalf of the Company. And keep in mind that only authorized individuals may speak for the Company on social media. If you choose to interact with "company postings" on social media sites on your own time, be upfront about who you are, but also be clear that you are expressing your own opinion, and are not speaking for the Company.

**D. DISCIPLINARY ACTION**

Any employee, contractor, or licensee who violates any of the standards, policies, or procedures contained in this Policy may be subject to disciplinary action, up to and including termination of employment or termination of relationship with the Company.

## Associate Data Security Policy

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In the course of conducting business, you may need to collect and use associates' sensitive personal information. Sensitive personal information refers to data that can be used (or misused) to validate a person's identity or commit fraud, e.g., the associate's name along with his or her home address, telephone number, social security number, date of birth, driver's license or other government-issued identification/passport number, bank, credit or debit card account number, or mother's maiden name. The Company recognizes and requires that reasonable protections must be taken to maintain the confidentiality of sensitive personal information. To that end, the following guiding principles serve as the standards and procedures that you must apply when handling such information. However, these guiding principles cannot address every situation or issue. In some instances, therefore, you must exercise good judgment, and partner with your supervisor and/or Human Resources as needed.

### Guiding Principles about Collection and Use of Information

- Only gather sensitive personal information if necessary for an express business purpose. For example, a business license application that specifically requests the personal information of an individual. Do not provide more information than an application may require by furnishing a template that includes sensitive personal information that is not requested, or that includes the names of more individuals than requested. This also means reducing the number of officers or agents listed on certain filings, if appropriate.
- Human Resources should be notified in advance of the initial request to gather sensitive personal information from an associate. If appropriate, Human Resources should contact the associate to explain why such collection is necessary.
- Prior to collecting and/or distributing sensitive personal information, determine whether the process can be completed without the information. For example, if a third party process requires the disclosure of sensitive personal information, contact the third party to determine if the Company can be excused from the disclosure, or if alternate information may be provided instead.
- Do not collect or transmit sensitive personal information electronically (i.e., via Lotus Notes, the Internet) unless the connection is secure. Do not move secured information to an unsecured, unprotected format.
- Personal information should be shared on a business "needs-to-know" basis only.

### Guiding Principles about Maintenance of Information

- Maintain any hard copy records containing sensitive personal information in a manner that ensures confidentiality. For example, records should not be kept in unsecured areas such as desktop or unlocked file cabinet; instead, records must be stored in locked file cabinets or locked offices. If records are not in a locked cabinet, then when leaving the office, even if only for a short while, the office should be locked.
- Maintain any electronic records containing sensitive personal information in a manner that ensures confidentiality. For example, electronic records should be stored on a non-public drive and should be password protected.
- As a customary practice, sensitive personal information should not be stored on portable electronic devices, including, but not limited to, laptops, blackberries or memory sticks. In those rare instances where it is necessary to receive and/or store such information on a portable device, you must apply appropriate safeguards to protect the data and the device. If the device is lost or stolen, you must immediately notify Human Resources.
- Access to and use of any records containing sensitive personal information should be restricted to those on a "need-to-know" basis.

**Guiding Principles about Storage and Destruction of Information**

- Ensure that records with sensitive personal information that are sent to off-site storage are properly secured. For records containing personal information, on the packaging label designate the department as Confidential Information Activity. Also, ensure that the containers are properly sealed prior to shipping off-site.
- Follow the Company's record retention guidelines and timely destroy all records containing sensitive personal information.
- When sensitive personal information is destroyed, ensure that it is totally destroyed and not recoverable. Paper records must be shredded. Electronic records must be purged from computers, servers and back-up drives. The disposal of sensitive personal information as ordinary garbage, without first shredding, burning, pulverizing, erasing or otherwise destroying the material or medium, is prohibited.
- If the sensitive personal information of multiple associates is maintained in a single electronic document, e.g., a spreadsheet, if an associate's employment ends, the sensitive personal information of that individual should be deleted from the document. Individual's names should also be removed if the person withdraws consent and as officer slates change.

**Guiding Principles about Loss, Theft, Improper Access and Inadvertent Disclosures**

- In the case of any loss, theft, improper access or inadvertent disclosure of sensitive personally identifiable information, you should immediately notify Human Resources. You may learn of an inadvertent disclosure or theft by a third party, e.g., a letter from an agency to whom the Company transmits personal information. You may also become aware of missing files. If you believe that data within your control has been compromised, you should notify Human Resources immediately.
- If a portable electronic device containing sensitive personal information is lost, stolen or misplaced, notify Human Resources immediately.

## Antitrust Guidelines

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Macy's, Inc. and its subsidiaries and organizations ("Macy's" or the "Company") are committed to strict compliance with the antitrust laws. The Company provides these Guidelines to each of its merchandising associates ("we" or "us" or "you") each year.

### I. General Policy

**Our Company competes vigorously and fairly, on the basis of its independent business judgment, and complies strictly in all respects with all applicable laws, including the antitrust laws, in each case willingly and without exception.**

Each of us should read, fully understand and comply with these Guidelines. We should read them as often as necessary and consult with the Law Department concerning any matter we do not understand. At least once a year, each of us must certify to the Chief Executive Officer of our organization or subsidiary that we understand these Guidelines. These Guidelines

1. set forth some basic principles that we must follow in dealing with resources;
2. are not intended to restrict us from engaging in normal business related conversation and activities with resources regarding merchandise assortments, merchandise price, resource in-store support, resource advertising support, etc., so long as we act in compliance with the current Guidelines;
3. do not summarize all of the antitrust rules (additional antitrust rules can affect us, and if we have any doubt as to the legality of a proposed course of action, we should consult with the Law Department before taking that action); and
4. prohibit some conduct as a matter of prudent policy that may not under all circumstances violate the antitrust laws... however, we believe that it is important to avoid even the appearance of an antitrust problem.

### II. Consequences of Noncompliance

Violating the antitrust laws can result in very severe consequences for you and for the Company.

1. If **you** were to authorize, order or participate in conduct that violates antitrust law, **you** could be guilty of a **felony** and could be subject to
  - a. imprisonment for up to ten years,
  - b. a fine of up to \$1,000,000,
  - c. an injunction that could limit your conduct,
  - d. damage to your reputation, and
  - e. being fired from your job.
2. If the **Company** were to violate antitrust laws, it could be guilty of a **felony** and potentially subject to
  - a. a fine of up to \$100,000,000,
  - b. a penalty of treble damages,
  - c. an injunction that could limit our conduct (and even limit conduct that would otherwise be lawful, thereby putting us at a competitive disadvantage), and
  - d. damage to the Company's reputation.

In addition, antitrust litigation can be extremely burdensome and costly in terms of executive time and legal fees. Antitrust actions could also be harmful to your business reputation, to our business reputation and to employee morale.

### III. Avoiding the Appearance of an Antitrust Problem – Emails

Following the letter of these Antitrust Guidelines is not enough. Following the spirit of the Guidelines is not enough either. Each of us has to also make sure that the things we do and the communications we send while we engage in legitimate business activities cannot be misinterpreted by anyone else as violating either the letter or the spirit of the Guidelines, either at the time we do them or afterwards. Emails are one of the most common ways that people risk being misinterpreted or risk having their conduct misconstrued.

We conduct more and more business electronically by email. As a consequence, we create an email trail on almost every transaction, and although we may think we have erased an email, inevitably a copy of that email still exists on a Macy's server or on someone else's server. We often print and/or forward emails to others without regard to their content. The costs of retaining emails and ultimately searching and producing such emails in investigations and litigation are enormous and growing. Moreover, we develop our own language or short hand way of communicating. While we and the people we email understand the short hand communications at the time, the short hand communications can lead, in hindsight, to false conclusions or the appearance of unlawful activities. If any of us receives such an email, or if we think that we may have sent such an email, we should immediately contact the Law Department. We should not respond to such an email we received and should not try to correct such an email we have sent without, in either case, seeking legal advice immediately.

1. We should think about any email we send or receive – think about whether it is clear and complete and whether it says everything it needs to say so that it cannot be misinterpreted or misconstrued – even by someone looking at it after the fact who has not been involved in our back and forth or give and take. We should be careful what we write in an email. For example, a resource may email you that the “break date is August 15,” which appears to suggest that you and that resource have agreed upon a break date when in fact the resource simply is advising you that mark down money is available to support lowering the retail price. It is important that you refer such an email to the Law Department so they can assist you in drafting or responding to such email and that your message is clear that you are not reaching an agreement on sensitive areas such as the retail price or break date.
2. We should make sure that any email between any of us and a resource is limited to just us and the resource. It is so convenient today for a resource to email you and other retailers at the same time. But such an email poses an antitrust risk. Our Company cannot communicate with its competitors directly about certain subjects, and it cannot do so indirectly through a resource. An email which shows that it has been sent to our Company and to other retailers is unacceptable. Additionally, an email that names other retailers or channels of distribution is unacceptable. If any of us receives such an email, we should immediately contact the Law Department. We should not respond to that email without legal consultation, and we should seek that legal consultation immediately.
3. We should avoid internal emails expressing opinions about what a resource's distribution practices should be or what our Company might or should do about it. Because emails are written so informally, oftentimes with such little precision and incomplete accuracy, and given the legal and business sensitivity of the subject of a resource's distribution practices, we should confine internal emails on the topic to factual statements about what the resource is doing or intends to do, or what our Company is doing or intends to do. As discussed above, all such emails must be clear and unambiguous. Such emails should not express our Company's opinion on this subject (e.g., what our Company thinks about what a resource is doing or should do, or what our Company might or should do about it). Any external emails to resources on the subject should comply with the principles set out below.

## IV. Guidelines for Relations with Competitors

### A. General Policy

Our Company sets its own prices, markups, markdowns and the other terms and conditions for the sale of its merchandise or services without any understanding or agreement, collaboration, consultation, or exchange of information with any competitor.

1. In these Guidelines, "competitor" means any other retailer of merchandise similar to merchandise we sell. Stores that are subsidiaries or organizations within our Company are not "competitors."
2. Our Company prohibits discussions, exchanges of information, agreements or understandings in direct communications with competitors and in indirect communications, through the use of intermediaries or otherwise.
3. We may make decisions regarding any of our prices, terms or conditions of sale based upon publicly available information about competitors' prices, terms or conditions (e.g., advertisements), but we should not under any circumstances communicate with any competitor regarding those prices, terms or conditions. We should document the source of the publicly available information whenever possible.
4. We may not reach any agreement or understanding or hold any conversation, formal or informal, with any competitor which would give either or both of the parties a basis for an expectation, whether or not fulfilled, that a price, business practice or decision if adopted by one will also be adopted, supported or concurred in by the other.
5. If at any time or place any competitor begins to discuss prices, markups, markdowns, other terms or conditions of sale, or relations with resources, we must immediately refuse to discuss these subjects and, if necessary, leave the room or hang up on a telephone conversation rather than listen to such discussion. These prohibitions against discussions with competitors do not apply to discussions solely within the Company. We may discuss any business practices and problems with employees of the Company, including those employed by other organizations or subsidiaries, provided that
  - a. no one other than Company employees are present, and
  - b. there is no reason to believe that any of the persons we are talking to will not comply with the instructions in these Guidelines.

### B. Pricing

Our Company absolutely forbids an associate or anyone else on its behalf, under any circumstances, to discuss, exchange information, make any agreement or reach any understanding with any competitor regarding our prices or markups – present or future – or the competitor's prices or markups – present or future.

1. The antitrust laws do not prohibit a retailer from conducting comparative shopping. If we need to ascertain the prices charged by a competitor, we may shop the competing store. Preferably, we should use Company associates for any comparative shopping. If we use contract comparative shoppers, the shoppers may share the information they obtain only with our own employees.
2. While competitors are free to shop our stores to ascertain our current prices, we **may not** respond to any competitor's request to verify those prices. If a competitor asks what our price or proposed price is for any items, we should tell him that we do not discuss such matters with competitors.

### C. Timing of Markdowns, Promotions and Clearance

Our Company absolutely forbids any associate or anyone else on its behalf, under any circumstances, to discuss, exchange information, make any agreement or reach any understanding with any competitor regarding the timing or amounts of, or the merchandise involved in, any markdowns, promotions or clearances.

1. There are **no** circumstances under which competitors may discuss the dollar or percentage amounts of markdowns or sales or the nature or identity of the merchandise involved.
2. There is **only one** situation in which the **timing** of promotions may be discussed with competitors, and the conditions of such discussions are strictly limited. We may cooperate with a geographically-oriented merchants' association (e.g., downtown area or shopping center) in special local events designed to draw customers to the shopping area at a particular time. In this connection, you may announce our policy that we will have some merchandise on promotion during the particular event. But we **may not**
  - a. discuss what merchandise will be promoted or the prices involved;
  - b. make an agreement or understanding that we will not engage in markdowns, clearances or promotions at times other than the local event; or
  - c. discuss the nature of any competitor's promotions.

### D. Other Terms and Conditions.

Our Company absolutely forbids any associate or anyone else on its behalf, under any circumstances, to discuss, exchange information, make any agreement or reach any understanding with any competitor regarding any other terms and conditions of sale to customers.

1. We **may not** discuss, exchange information, make any agreement or reach any understanding with any competitor concerning such matters as the following:

– alteration charges;	– check cashing charges;
– delivery charges;	– gift wrapping charges;
– break-point for free deliveries;	– free gift wrap policy;
– merchandise exchange policies;	– shopping bag charges;
– charges for appliance warranties;	– furniture or fur storage charges;
– servicing charges;	– period for free furniture storage;
– layaway charges;	– store hours; or
– credit service charges;	– other similar terms and conditions.

### E. Trade Associations

We may not join or participate in the meetings of any trade association, other than national associations such as the NRF or state associations, unless our senior management has first formally determined that the association serves a legitimate business purpose and that its activities are adequately supervised by counsel.

1. Many trade associations perform useful and legitimate functions, e.g., facilitating the exchange of information on technological developments, standards, and governmental regulations. There is no reason to refrain from supporting such legitimate associations.
2. Trade association meetings, however, provide opportunities for informal gatherings of competitors and consequently expose each person present to the risk of a charge of collusion if such gatherings are later followed by parallel action.

3. Consequently, you must take great care not only to avoid any discussions or understandings regarding terms or conditions of sale, but also to avoid the appearance that such discussions or understandings have taken place. If any participant in an association meeting begins to discuss competitive pricing or any other terms or conditions of sale, you must immediately state that you cannot participate in such a discussion and **you must leave the meeting.**

#### F. Resources

Our Company strictly limits discussions with any competitor regarding our relations or the competitor's relations with resources.

1. We **may not** explicitly or impliedly agree with any competitor to refuse to deal with any resource. Specifically, we **may not** discuss or reach any understanding with a competitor that the Company or the competitor will:
  - a. purchase only from "legitimate resources"; or
  - b. refuse to purchase from resources who sell to "price cutters"; or
  - c. discontinue purchasing from resources who do not maintain or police suggested minimum resale prices.
2. We **may not** discuss with any competitor the existence, adequacy or amount of any resource's suggested retail prices.
3. We **may not** discuss with any competitor our or any other retailer's policy regarding adherence to suggested retail prices nor any resource's practices of enforcing suggested retail prices.
4. We **may not** discuss with any competitor any resource's distribution policies, including exclusives and selective distribution.
5. No one other than representatives of our Company and the resource may be present when we discuss terms or conditions with any resource.

### V. Guidelines for Relations with Resources

#### A. General Policy

In the exercise of independent business judgment, we are free to determine which resources our Company will do business with. Resources acting at all times on the basis of their independent business judgments are free to determine which retailers they will do business with.

#### B. Retail Prices

We may not reach any agreement or understanding with any resource as to the price at which our Company, or any other retailer, will sell the resource's merchandise.

We are completely free to charge whatever retail price we independently determine is appropriate for all our merchandise. Every competitor has the same right.

If a resource asks what retail price we are charging or intend to charge for his merchandise, we may tell him the price. At the same time, we must make clear that

1. He may not inform any competitor or other resource of our price, and
2. We reserve the right on the basis of our independent business judgment to charge whatever retail price we deem appropriate.

### C. Suggested Retail Prices

A resource may independently suggest retail prices. In such a case, the retailer is legally free to sell at the suggested price, or not, as he sees fit. Before July, 2007, a vendor could not, under any circumstances, require a retailer to agree to charge a minimum price for the vendor's goods. In 2007, the Supreme Court ruled that minimum price agreements are not automatically illegal. However, they are still fraught with substantial legal risk, **and the subject should be dealt with only with extreme care and in consultation with the Law Department.**

If a resource proposes that we agree not to sell the vendor's products below a minimum price, we should clearly and unequivocally reject that proposal and contact the Law Department immediately.

If a resource proposes to sell us products with a suggested retail price,

1. The suggested retail price must originate with the resource, based on his own independent assessment of his business interests.
  - a. We may ask a resource whether he has a suggested retail price and, if so, what it is.
  - b. We **may not** orally or in writing request a resource to commence the practice of suggesting retail prices if he is not doing so.
  - c. We **may not** orally or in writing request a resource who does suggest retail prices that he alter his price suggestions in any way.
  - d. We may unilaterally determine not to purchase from any particular resource, including resources who do not suggest retail prices or whose suggested prices we deem unsatisfactory.
2. While we may legally purchase from resources who sell on a suggested price basis and may legally sell at that price if that is our own determination, we may not orally or in writing give the resource any affirmation or promise that we will maintain the suggested price. We should tell resources who ask for such a promise that, while we fully understand their suggested resale price policy and the possible consequences of not following it, our Company's policy does not permit us to give the resource an agreement or understanding that our Company will maintain the price.
3. In discussing a suggested resale price, we may not discuss with the resource whether other retailers have indicated a willingness to sell at the suggested price. We also may not discuss the suggested price policies of other resources.
4. Fair-trade laws have been abolished. The only recourse of a supplier whose suggested retail prices are not being utilized is to discontinue selling to the retailers involved. It is strictly up to the resource to determine whether he wishes to take such action.

### D. Suggested Markdowns and Clearance Dates

A resource may suggest markdown levels or clearance dates on its merchandise in conjunction with suggested retail price or otherwise.

Again, if a resource proposes that we agree to markdown levels or clearance dates, we should clearly and unequivocally reject that proposal and contact the Law Department immediately.

If a resource suggests markdown levels or clearance dates,

1. In every respect, the suggestions must originate with the resource.
2. We are free to follow or not to follow the resources' suggestions, as we see fit.
3. We may not agree with or promise the resource that we will adhere to his suggestion. We may advise him that we understand his policy and the consequences of any failure to follow the suggestions.

**E. Failure of Competitors to Follow Resources' Price or Clearance Date Suggestions.**

Retailers are free to stop buying from a resource for any reason, including the fact that the resource's product is being sold elsewhere in the trading area at prices that make it unattractive for the retailer to handle. A retailer **may not**, however, threaten or coerce a resource into policing or enforcing suggested retail prices or clearance dates as a condition of continuing to do business with the resource, nor may a retailer make any kind of agreement with a resource on this subject. Special care must be taken in discussing with a resource the fact that his price or clearance date suggestions have not been followed.

1. We should not communicate at all with the resource about the failure of competitors to follow suggestions. We should simply take appropriate action to dispose of our inventory.
2. If we choose to mark down merchandise because of competitive pricing, we may inform the resource – after taking the markdown – of the store's policy to meet competitive prices, and that we have marked the merchandise down from the suggested price to meet competitive prices in our area. Subject to the conditions mentioned in Section V.B. above, we may also advise him what our markdown price is. However, we may not do any of the following:
  - a. We **may not** identify the price cutting retailer by name or otherwise.
  - b. We **may not** inform the resource of the competitive price.
  - c. We **may not** request the resource to take any action to change any retailer's prices or otherwise enforce or maintain his suggested retail prices.
  - d. We **may not** request the resource to discontinue selling to any competing retailer.
  - e. We **may not** request the resource to buy up any competing retailer's stock.
  - f. We **may not** undertake to buy up any competing retailer's stock with the understanding that the resource will reimburse our costs.
  - g. We **may not** request the resource to set up an effective program to maintain his suggested prices.
  - h. We **may not** threaten to discontinue buying from the resource unless he takes action to maintain his suggested price.
  - i. We **may not** reach any agreement or understanding with respect to the above items.
3. If a resource informs us that he will take or has taken steps to ensure adherence to retail prices or clearance dates in our area, we should advise him that we cannot and did not request him to take any such action. He is free to conduct his business as he sees fit, and we will continue to make our buying decisions in accordance with our legitimate, independent business judgment. We should also advise the Law Department of this conversation.
4. If, after we have discontinued buying from a resource, or before we commence dealing with a new resource, the resource seeks to obtain our business by informing us that he is taking steps to maintain his suggested retail prices or clearance dates, we should advise him that we will determine whether or not to purchase his goods solely on the basis of the merchandise's value, potential profitability, and compatibility with our needs.
5. If a resource advises us that he will no longer sell us merchandise because we have cut the price, we may advise him of the reason for the markdown (e.g., to meet competition) and should contact the Law Department. We may ask the resource to reconsider his decision, but we may not give him an assurance that we will follow his price suggestions in the future. (See Section V.C. above.)

**F. Exclusivity**

A resource has the right independently to determine its own distribution policies and to select the parties to whom it will or to whom it will not sell. By the same token, our buyers have the right freely to determine from which resources they will buy. Accordingly, we are free to accept merchandise from a resource which the resource independently determines it desires to provide exclusively to us. However, we must take special care in any discussion of exclusives with a resource.

1. You may request an agreement or commitment from a resource to sell its line exclusively to our stores in all or any part of our trading area, provided that you do not request that the resource discontinue its business with a competitor. Your request should, therefore, be limited to product launches or limited periods where the product has yet to be offered in a particular trading area.
2. If a resource has a policy of granting exclusives, or if it indicates that it is willing to consider an exclusive, you may inform him of the **affirmative reasons** why it may choose to offer an exclusive of particular styles to our Company.
  - a. We may advise the resource of the benefits that will result from our handling, display and promotion of its merchandise.
  - b. You may advise the resource of our substantial investment in the creation of a prestige image and the consequent benefit to the resource of identification with our Company.
  - c. When such is the fact, you may point out that our advertising carries the resource's name in the case of exclusive merchandise but not otherwise, and that the exclusive helps the resource by building up its image among consumers.
  - d. When it is true, you may emphasize that we concentrate more of our advertising budget on exclusive merchandise. Such concentration in turn aids the resource by enhancing his public image and increasing its sales.

There may be other reasons for exclusivity, but these should be discussed with the Law Department.

3. In discussing exclusives with a resource, you may not do any of the following:
  - a. **We may not** mention any other particular retailer, or type of retailer, which we do not want the resource to supply.
  - b. **We may not** mention any other retailer's prices, advertising practices, or markup policies.
  - c. **We may not** mention discount operations or refer by any means to the pricing policies of other retailers.
  - d. In discussing the geographic area covered by a resource's exclusive, we may not use specific locations which have the practical effect of identifying particular competitors or types of retailers. Rather, we should keep our discussion of the geographic area as general as possible.
  - e. **We may not** refer to exclusive arrangements, or any other relations, between our Company and any other resource.
  - f. **We may not** discuss the resource's exclusive arrangements, or any other relations, with any other retailer.
  - g. **We may not** participate in discussions with other retailers, or in meetings with other retailers and/or other resource representatives, concerning the exclusive of any resource's merchandise to specified outlets, types of outlets or areas. Exclusive discussions should be held solely between representatives of our Company and the particular resource involved.
4. Even though exclusive arrangements are generally permitted, there are some limited circumstances where we should still avoid them. These can include situations where
  - a. a resource has a monopoly on the kind of goods involved (as distinguished from his particular brand) or
  - b. we may have exclusives with so many of the suppliers of a kind of goods that someone could claim we are trying to foreclose competitors from access to the market.

If you have a sense that either of these situations might apply, you should consult with the Law Department before discussing a possible exclusive arrangement.

## VI. Guidelines – Communications with Resources on Distribution Issues

### A. Introduction

These Guidelines are designed to avoid antitrust liability for agreements that may restrain competition among resources and/or retailers in respect of a resource's distribution practices. Implicit in the Guidelines is the recognition that our Company competes with a broad spectrum of retailers, from mass merchandisers to high-end luxury retailers, and everything in between, and that there is a large variety of resources for virtually every product line that our Company is interested in carrying. Notwithstanding the breadth of such competition and the multiplicity of such resources, the subject of antitrust and the principles set out in these Guidelines are extremely important to our Company and its interaction with resources on distribution issues.

### B. General Policy

A resource is free to independently determine to whom it will sell its merchandise. We are free to independently determine which resources we will do business with. We are free to independently determine whether we will do business with a resource based upon the resource's distribution policy and practice. We are not free to do business with a resource on condition the resource agrees to change its distribution policy and practice. However, we are free to accept merchandise from resources who determine independently that they desire to sell us on a selective basis. If a resource indicates an intention to sell us on a selective basis, or otherwise raises this subject, you should indicate that this is a matter the resource must independently determine on its own. Before we discuss the subject further, we must discuss the proposed offer, and any offer in turn we would make, in advance with the Law Department before we have any further contact with the resource.

### C. Our Company's Philosophy on Distribution of Merchandise

An important element of our Company's merchandising strategy is to carry distinctive and unique merchandise and, where possible, exclusive merchandise so as to distinguish its stores from those of its competitors and to attract knowledgeable customers. To that end, our Company believes the distribution of the merchandise carried in our stores should have as limited distribution as is reasonably possible. Merchandise distributed in retail channels other than our Company's primary retail channel will generally lose its distinctiveness and uniqueness and will not be as attractive to our Company or to its customers.

Our Company recognizes that vendors have the right to determine their own distribution strategies, and we will not interfere with those decisions. Our Company reserves the right independently and unilaterally to choose vendors to supply its stores based on the business strategy described in this policy statement.

### D. Mandatory Rules

As a threshold matter, it is important to realize that even innocuous conversations can be construed as reflecting an agreement in restraint of trade between the participants in the discussion. Under the antitrust laws, proving an agreement can be relatively easy. An unlawful agreement need not be in writing, nor need it be an express agreement. An agreement need not be explicit – it can be implied from subsequent behavior. Moreover, the state of mind of one of the participants in a discussion can be relevant – if we say "it is your decision," a resource may perceive it differently and hear "our Company will cut you off." Accordingly, the following general rules apply in all circumstances in respect of communications on resource distribution issues.

1. We **may not** discuss resource distribution policies or practices with another retailer. Even innocent discussions at meetings or on social occasions can be misconstrued and lead to allegations of a conspiracy.
2. We **may not** discuss a particular resource's distribution with another resource. Such discussions could give rise to accusations that we are acting as a conduit for improper discussions between the resources. For example, this situation could arise where a brand has several different licensees for different lines.
3. We **may not** discuss another retailer with a resource. Discussions of competitors with resources could lead to allegations that our Company is advocating a boycott of those competitors.

4. Only designated Company personnel are to engage in discussions with resources on their distribution policies/practices. Our Company can more effectively ensure that the message that it communicates is consistent and comports with the Guidelines by imposing restrictions on the number of people who can interface with resources on this subject. The designated Company personnel is the GMM for the relevant family of business for each Macy's and Bloomingdale's Organization.

This rule does not apply to routine conversations between our Company and a resource in the ordinary course of business, such as a buyer level meeting with a resource representative to discuss product assortments, markdown allowances, advertising support and the like, entailing the resource's articulation of its distribution policy in response to a question from us seeking only to know what that policy is. (But once that question is answered, no further discussion of distribution should occur.) Additionally, if the GMM for the relevant family of business does not have a relationship either with the resource or the appropriate contact at the resource in connection with a particular distribution issue with that resource, the GMM can delegate to a less senior merchandising executive the authority to reach-out to the resource on the distribution issue, provided that the delegatee discusses the proposed contact with the resource in advance with the Law Department.

5. **We may not** enter into any discussion with a resource about its distribution practices without first talking with the Law Department. The Guiding Principles set out below provide general principles applicable to such discussions. Each situation, however, is fact specific and the facts need to be reviewed with the Law Department to apply the principles to the situation at hand.
6. **We must follow up** every conversation with a resource on the subject of distribution with a letter from us confirming the conversation. Because even entirely reasonable, honest people can have different interpretations of what happened in an oral conversation, it is critical that conversations on this subject be confirmed in writing. Moreover, a writing will flush out any disagreement with what occurred during the conversation and it is better to air those differences early on than to have them serve as the catalyst for an antitrust claim or investigation later. The Law Department will draft the letter after being notified that a conversation has occurred.

#### E. Guiding Principles

1. Communications with a resource that already sells product lines to the Company about expanded distribution
  - a. We should not express any interest in or opposition to a resource's current distribution practices with regard to existing product lines. See the discussion under E. (4), below, for the guidelines applicable to exclusive or limited exclusive arrangements for new product lines.
  - b. We should affirmatively acknowledge that the resource has the right to sell to any retailer.
  - c. We may discuss the possibility of exclusive distribution through our Company of a new product or brand, as long as such discussions are consistent with the guidelines below addressing exclusivity (see E. (4)).
  - d. We may ask a resource what its distribution policy is for the product line we are considering purchasing. Beyond obtaining such information, no other exchange on the distribution subject should occur.
    - (i) Such questions would typically occur in a routine buyer-level conversation with a resource in the ordinary course of business, such as in a meeting to discuss product assortments, resource support and the like, entailing the resource's articulation of its distribution policy in response to a question from Macy's seeking only to know what that policy is.
  - e. We should not threaten to terminate or limit purchases if the resource does not change its distribution practices.
    - (i) Our Company may independently determine whether to terminate or limit purchases if the resource does not change its strategy, but this decision must be made at a high level (not below the GMM level) after consultation with the Law Department.

2. Communications with a resource considering expanding distribution of its products – whether or not the resource has already contacted potential new customers – but when the resource’s distribution decision has not yet been made
  - a. We can describe our Company’s distribution philosophy. (See C. above)
  - b. We may not express any interest in or opposition to the resource’s expanding its distribution.
  - c. We may discuss the possibility of exclusive distribution through our Company of a new product or brand, as long as such discussions are consistent with the guidelines below addressing exclusivity (see D. (4)).
  - d. We may ask a resource what its distribution policy is for the product line we are considering purchasing. Beyond obtaining such information, no other exchange on the distribution subject should occur.
    - (i) Such questions would typically occur in a routine buyer-level conversation with a resource in the ordinary course of business, such as in a meeting to discuss product assortments, vendor support and the like, entailing the resource’s articulation of its distribution policy in response to a question from us seeking only to know what that policy is.
  - e. We should not threaten to terminate or limit purchases if the resource does not change its distribution practices.
    - (i) Our Company may independently determine whether to terminate or limit purchases if the resource does not change its strategy, but this decision must be made at a high level (not below the GMM level) after consultation with the Law Department.
  - f. We should affirmatively acknowledge that the resource has the right to sell to any retailer.
  - g. We should not ask which retailers the vendor is in discussions with.
  - h. We should not discuss specific retailers with the resource. If the resource inquires as to our reaction to expanding to a specific retailer or a specific channel of distribution by naming the retailer or channel, we must state that we do not discuss specific retailers or channels of distribution and the resource has the right to sell to any retailer or channel of distribution.
3. Communications with a new resource so the resource will know and understand our Company’s marketing and business strategy
  - a. Our Company has the right to establish its own policies as to which resource it will deal with and to announce these policies publicly.
  - b. Our Company should be sure to apply these policies consistently.
  - c. We may ask a new resource what its distribution policy/philosophy is, but we must be very careful not to express negative views about that policy/philosophy nor should we inquire as to which particular retailers the resource sells to.
  - d. We should not discuss specific retailers or channels of distribution with the resource. If the resource asks for our reaction to selling to a specific retailer or channel of distribution, we must state that we are interested in its distribution policy/philosophy only, that we do not discuss specific retailers or channels of distribution and that the resource has the right to sell to any retailer or channel of distribution.
4. Communications with an existing resource where we would like the resource to develop a new product or brand exclusively for us or our channel of distribution
  - a. These Guidelines apply to discussions about full exclusivity, limited exclusivity, co-branding, private labels, and similar undertakings.
  - b. The discussion should focus on the positive aspects of exclusivity.